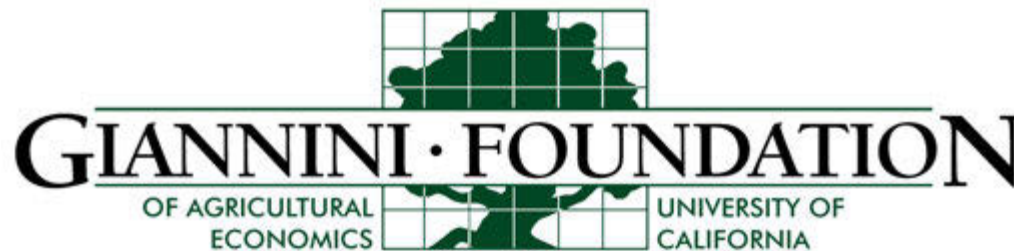


# The Giannini Foundation of Agricultural Economics: Origins & Changing Focus Over Time

Warren Johnston, Grace Dote & Alex McCalla



## On the occasion of the celebration of the 81st birthday of A.P. Giannini

“The Regents of the University of California received a gift of one million five hundred thousand dollars through the instrumentality of the late Mr. Amadeo Peter Giannini, to study and make better known the economic facts and conditions upon which the continued solvency and prosperity of California’s agricultural industry must of necessity rest. . .

“ There is no more striking proof of the service which he has rendered to his native State, and one might add, to the nation, than the acceleration of research in agricultural economics during the past two decades, and the results which have as a consequence been achieved.”

(UC President Robert Gordon Sproul, May 5, 1951)



# The Gift

**April 1926** – Bancitaly Corporation Board of Directors vote compensation of 5% of the corporation's annual net profits *"in lieu of salary and in recognition of his extraordinary services."*

Giannini was reportedly "visibly annoyed" about the Board's action.

**1927** – Giannini asks the Board to divert payment to help California farmers.

**January 20, 1928** – Board votes to donate \$1.5 million for the creation of The Giannini Foundation of Agricultural Economics.

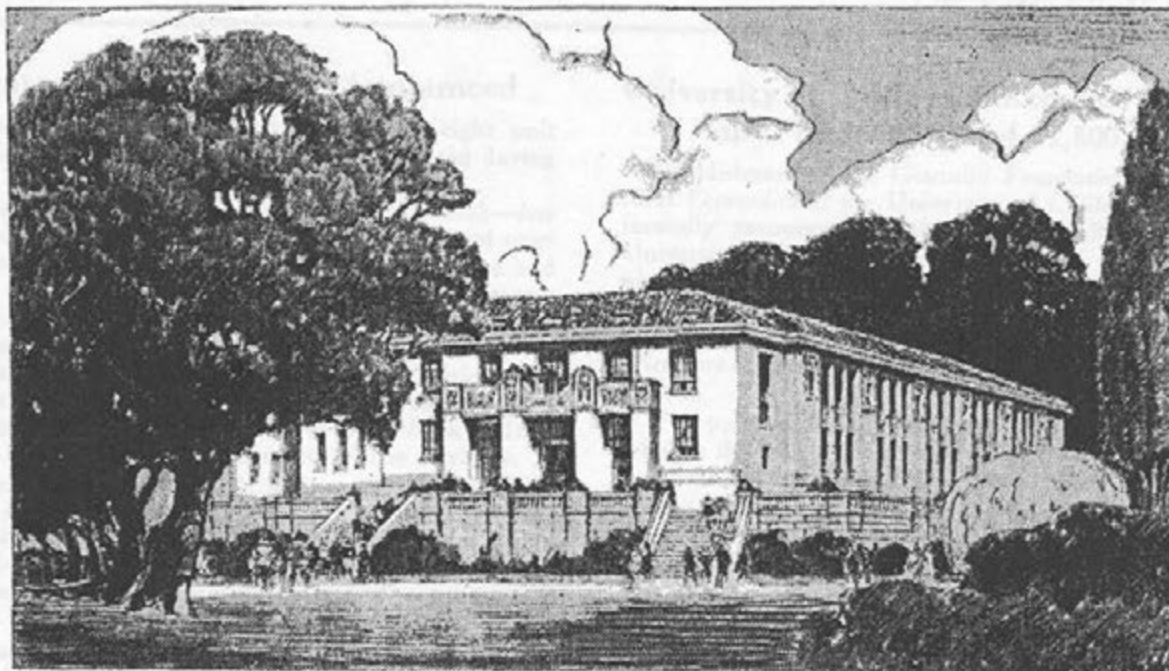
**February 10, 1928** – Letter to the Regents of the University of California with conditions for the Giannini Foundation Fund, along with \$25,000.

**February 14, 1928** – Four days later, Regents accept gift of \$1.5 million -- about \$14 million in real 2005 dollars.



**Reported to be the nations' first philanthropic endowment in the field of agricultural research.**

EXHIBIT 3



## The Gift (continued)

**October 28, 1928** – Appointment of first Director, Claude B. Hutchison.

**1929** – Giannini Foundation Paper 1. Economic Aspects of the Sheep Industry.

**October 21, 1930** - Giannini Hall is dedicated. Completion is on schedule.

**June 1931** – Howard R. Tolley named first agricultural economist Director.

**October 10, 1933** – The book value of the Giannini Foundation Endowment Fund is \$1,041,870.60. The fund is allocated to the Berkeley campus

Two footnotes:      \* Footnote One: 5% of Net < \$1.5 million;  
                             \* Footnote Two: U. S Treasury wants a tax payment in 1938.

*“Public spirited citizens who unselfishly contribute to the general welfare should be encouraged in their generosity rather than penalized.”*

(San Francisco Call Bulletin, August 26, 1940)





Giannini, A. P. Salary  
Bancitaly Corporation

From: A. P. GIANNINI \* April 6, 1949

Mr. A. P. told us again about the gift to the University of California in 1928. He again said that though "the boys" had given \$1,500,000 for the endowment, that when it came time to settle up, there was not \$1,500,000 to turn over to the University, and he had to make up the difference himself.

BRJ



## News and Comment about A.P. Giannini's Gift

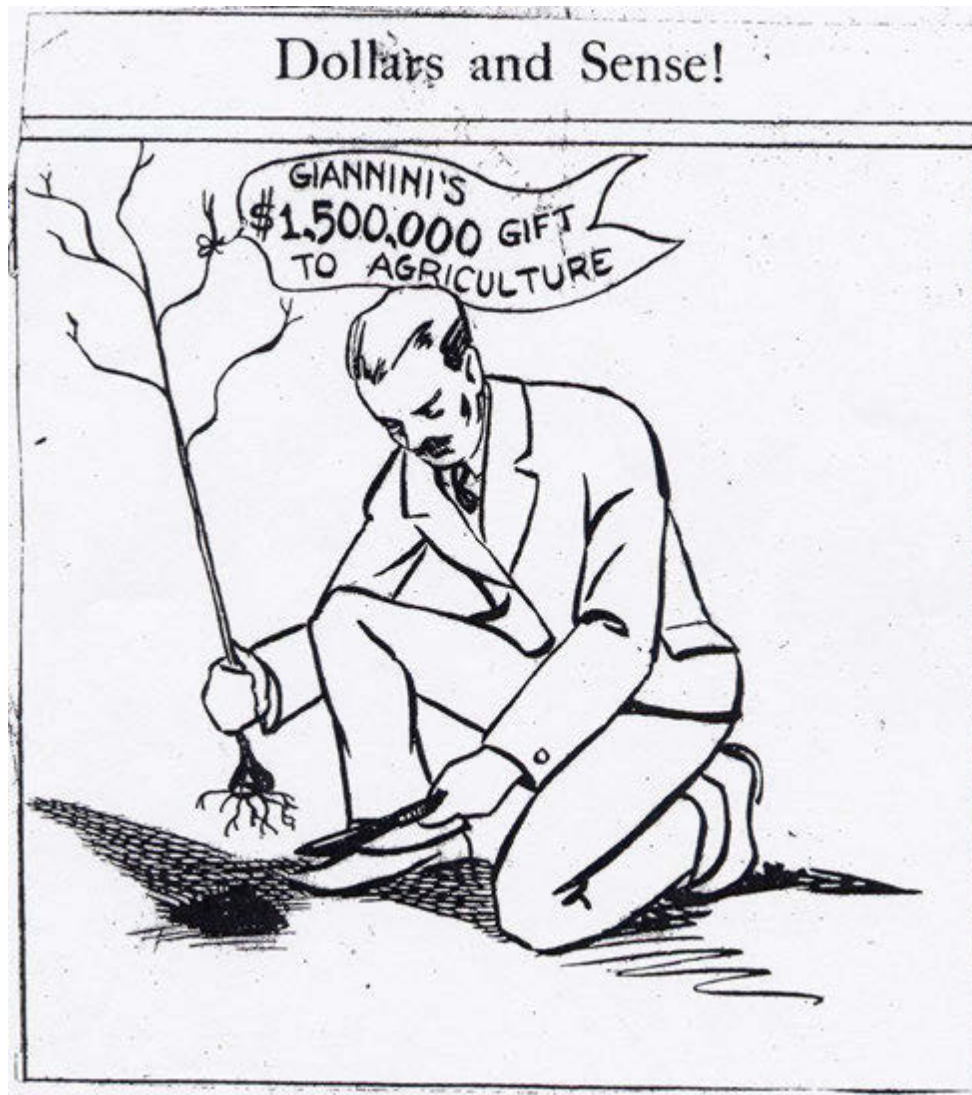
California agriculture had weathered the postwar adjustment better than elsewhere, but the decade of the 1920s was challenging.

California agriculture described as *"a vastly expanded and as yet unadjusted producing plant, with little experience in meeting depression conditions and with a comparative heavy load of debt."* (Benedict)

Bancitaly directors might have, indeed, discussed agricultural problems at that 1927 Board meeting at which Giannini asked that the gift be made to help California's farmers.

The news spread rapidly. The gift to the University from one who knew and understood agriculture was heralded in towns and cities.





Daily Californian, January 26, 1928







Oakland Times, January 26, 1928



**Announcement identifying the overriding intent of the endowment and expressing the unfavorable state of much of the state's agriculture:**

"The task of increasing, through scientific formulae, the size of the California farmer's bank account and reducing the number of mortgages, deeds of trust and promissory notes in his safe deposit box, has been undertaken by the State of California through the construction on its campus of an experimental station in the tremendously vital field of agricultural economics.

... In short, the station will attempt to put California agriculture and horticulture as a whole on a business basis, with the grower himself getting all of the monetary return that this effort will produce."

*(California's Contribution to Farm Relief).*



## A response from A.P. Giannini:

“I thank you for [the] message of congratulation and praise. Your congratulations are highly appreciated, though the praise is not deserved...

“I hope that I shall always be content to accumulate results, and not become too much interested in mere accumulation of money.”

(A.P. Giannini, Los Angeles Examiner, January 27, 1928).



# The Broad Mandate:

“It should be understood that the activities of the FOUNDATION are to be regarded as chiefly: (a) those of research, with the purpose to find the facts and conditions which will promise or threaten to affect the economic status of California agriculturalists; and (b) those of formulating ways and means of enabling the agriculturalists of California to profit from the existence of favorable facts and conditions, and to protect themselves as well as possible from adverse facts and conditions.”

(Letter to the Regents, Feb. 10, 1928).





## An Early Affirmative Action Statement:

“In selecting the members of the staff who will serve upon The Giannini Foundation, The Regents are requested to seek and appoint the most competent persons whose services are available, without restriction as to citizenship or race.”

(Letter to the Regents, Feb. 10, 1928)



# Why Agricultural Economics?

The Board of Directors may not have had a clear vision for the use of Giannini's gift. Suggestions were offered from several sources.

Prior to World War I very little work had been done in agricultural economics because most of the problems of agriculture were to be found within the farmer's own farm fences.

*"Up to the present time practically all the emphasis has been placed on increasing agricultural production. There is every reason to believe that more attention should be devoted to the side of finding a market for what is already being produced."*  
(Pacific Pear Grower, January 1928).

Similar expression in oral history, California Agricultural Cooperatives.

Other activities of the College were well supported by public funds. Economic side of agriculture was faced with pressing problems.



*"These were the chief reasons that we decided to utilize this fund strictly in the broad field of agricultural economics."* (Hutchison)

# Evolution of Agricultural Economics at the University

Prior to 1925, the University's interests in rural economics and institutions were dispersed throughout the College of Agriculture.

1925 - Purnell Act permitted the first funding of agricultural economics and rural sociology in Land Grant Universities

1925 - Division of Agricultural Economics formed from faculty in Agricultural Extension, Division of Farm Management and the Division of Rural Institutions.

1928 - Giannini's gift would catapult the University to the forefront of the emerging agricultural economics profession, bring validity to areas of economic inquiry, other than farm management and rural institutions.



# Finding a Director

Claude B. Hutchison – a plant geneticist, administered the University's programs on the Davis campus, from 1922 to 1924.

International Education Board, Director for agricultural education in Europe, 1924-28.

Annually visited US institutions - visited Berkeley in April 1928.

Asked to meet UC President Campbell in Cedar Rapids.

Accepted offer to “get some economists.”

Appointed first Director of the Giannini Foundation of Agricultural Economics in October 1928.

Hutchison would make critical early appointments and develop an organizational structure and philosophy that would endure 75 years.



# Organization

“The wise thing it seemed to me to do would be to capitalize on this name, Giannini, for public interest and public support, and develop our organization that I have characterized as an umbrella, the umbrella being the Giannini Foundation of Agricultural Economics, and with appropriate academic titles given to all of the people in the division of agricultural economics and the title of associate to some people in forestry, in irrigation, and the group in Agricultural Extension. So ultimately that came to be our Giannini Foundation of Agricultural Economics.”

(Hutchison)





# Staffing

1929 – A stalwart group of 14 faculty and specialists with diverse backgrounds and training were brought together under the Giannini umbrella to engage in the economics of agriculture, under the leadership of a plant geneticist!!

- \* Bertram Crocheron (Director, Ag Extension, 1919-1948)
- \* Henry Erdman (Prof., marketing and cooperation)
- \* Harry Wellman (specialist; fruit marketing; shot in Davis)
- \* R. L. Adams (Professor of Farm Management)
- \* Frank Adams (Prof. of Irrigation Investigations and Practice)
- \* Walter Mulford (Professor of Forestry)
- \* Edwin Voorhies (B.S. animal husbandry)
- \* David Weeks (came west to work with Elwood Meade)
- \* Ellis Stokdyk (cooperatives) also joined the group in 1929

1930 – Appointed Orpha E. Cummings as Head Librarian (1930-1958)



# Hires

Hutchison looks nationwide for economists for new faculty positions.

Who are the most outstanding agricultural economists in the U.S.?

John D. Black (Harvard)

Joe Davis (Stanford)

Edwin Nourse (Brookings Institute)

Inducing change in agricultural economics research – scientific research methods and quantitative analysis.

1930: George Peterson; Howard Tolley.

1931: Murray Benedict; James Tinley.

Tolley is nominal Director from 1930 to 1936; he leaves to become Administrator of the Agricultural Adjustment Administration.

1937 -- Carl Alsberg, from Stanford, is appointed Director; dies in 1939.



1937: Sigfried von Ciriacy-Wantrup

1938: Sidney S. Hoos; George M. Kuznets

# The First 20 Years, to 1950

From Depression

World War II effects

1950s – marketing, econometrics, marketing, labor and policy, forestry

Giannini Foundation expands in size and fields of interest: 24 members

Berkeley: 13 faculty, 4 specialists, 2 forest economists

Davis: 4 faculty, 1 specialist

Shifts of emphasis as reflected in 667 accessions, early 1930s to late 1950s:

Marketing – 25% of accessions, no change from early 1930s to late 1950s

Commodity Economics & Agricultural Situation – 23% in late 1950s, up from 13% in early 1930s

Farm Management and Tenancy – 14% in late 1950s, up from 11%

Land and Water Economics; Agricultural Policies and Programs – 7 %

Statistical Analysis of Prices – 5% in late 1950s, up from 3%



# The Next Twenty Years, 1950 to 1970.

Institutional change – increased enrollments, nine new campuses, multiple departments of agricultural economics, research and teaching splits

Slow growth in endowment essentially restricts use of Foundation resources to primary uses – library support and publication costs.

1970 – 44 members: 14 at Berkeley; 17 at Davis; and 13 statewide specialists.

Accessions, 1950-1970:

Marketing 33%, Commodity Economics and Agricultural Situation 22%, Resource Development and Conservation 16%, Farm Management 10%



# Towards the 21st Century – 1970-2000

Changing University, Changing Campuses, Changing Management

Growing Endowment permits revitalization of programs via active management

2000- 54 members: 19 at Berkeley, 23 at Davis, 3 at Riverside, 7 specialists

Accessions, 1970-1999:

Commodity Economics and Agricultural Situation 17%, Resources 15%,  
Marketing and Trade 13%, Ag Labor 8%, Ag Policy and Programs 6%





# Going Forward

Three – quarters of a Century of growth and development

Three, going on four, generations of agricultural economics at the University

Economic Classification of Accessions, 1999-2005

(will fill in late Jonathon)

New leadership, new mandates, growing endowment resources

Mini-grants

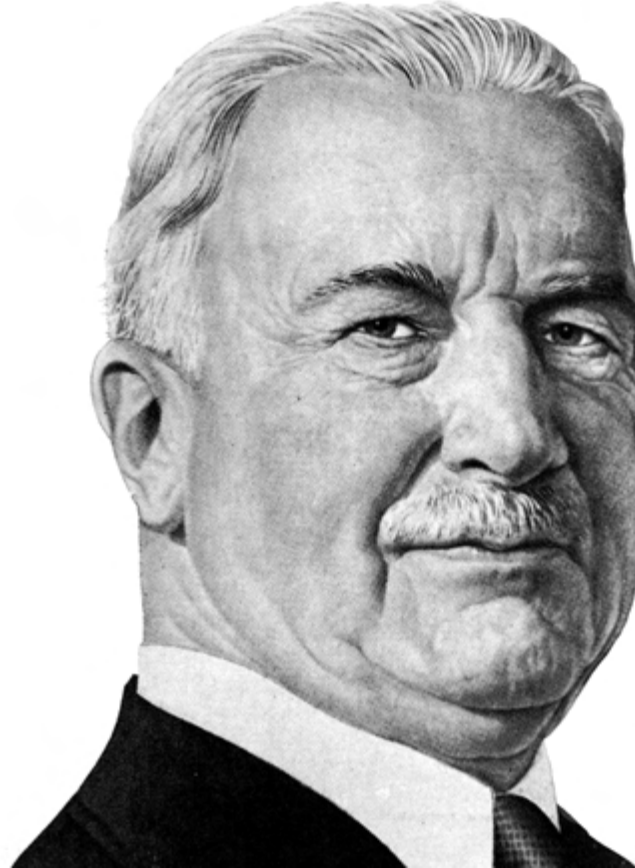
Outreach activities

ARE Update

Workshops and conferences

The Giannini Foundation's role in th 21st Century.





**A.P. Giannini's gift and legacy endures.**

